

***BULGARIA PILOT COMMUNITY FUND &  
SOCIAL ENTERPRISE PROGRAM***

**QUARTERLY REPORT  
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Submitted to USAID/Bulgaria**

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## **A. Executive Summary**

This quarter of the Bulgaria Pilot Community Fund and Social Enterprise Program was marked by escalated program activity in both segments of the project. The challenges faced in the last quarter continued as we sought solution to the issues with CSDF. The alternative plans and modifications made to the original project proposal insured the timely and effective implementation of the program.

Arlene Lear, Counterpart International's Senior Vice President for Programs, visited Bulgaria and met with CSDF and USAID. Ms. Lear clearly stated our position to CSDF and left the termination processes to the attorneys. We approached USAID with a proposal to localize the Counterpart Bulgaria Office, and this concept was looked upon favorably by USAID Director, Debra McFarland, pending submission of the pros and cons for localizing. This possibility changed our direction and our efforts towards identifying a new partner. The idea of localizing has had a positive effect on the management and staff of Counterpart – Bulgaria.

The revised BPCFSE Program Annual Work Plan and Budget was submitted and approved by USAID; however, our recent aim to localize has once again necessitated a revision.

Counterpart staff was provided with various staff development events. Greta Gornnert, a consultant with considerable Community Fund and Social Enterprise experience, facilitated our strategic planning sessions in Sofia and our staff retreat, which was held in Tryavna. The 3 newly hired Community Fund Local Coordinators in Chepelare, Gabrovo and Blagoevgrad were trained by Program and Administrative Teams. The COP and Program Team enjoyed a most informative study tour to Slovakia where they visited 10 organizations and gained useful knowledge.

The Community Fund in Chepelare decided upon the target of the test fund raising activity, implemented the event (which is on-going) and completed its documents for registration. Gabrovo and Blagoevgrad continue in the development process at their own speed and it is anticipated that both will be registered, legal entities by the fall.

Counterpart International Economic Development Program Officer and the Program Team developed the tools and mechanisms for enrolling the Social Enterprises into the program. 35 applications were received out of which 23 were selected for participation. BARDA was selected as the technical and training assistance provider and is working closely with SE Program Manager to ensure full support of the enterprises and thus enhance their capacities to successfully operate a business which supports the mission of the NGO.

A World Learning Study Tour to Poland was developed and approved by USAID. The tour will take place in October and will give the Social Enterprise representatives the opportunity to visit Polish social enterprises and learn of their experiences, challenges and methodologies. They will learn about creating networks, business and action plans and their benefit to the enterprise. The group will also be presented with legal and tax information in the context of the Social Enterprise's ability to work within their context and to affect change.

We continue to collect information to document and disseminate lessons learned and best practices. Although production of the final manuals and videos are slated for year 4, we distribute and share all experiences and information with interested organizations.

Counterpart Bulgaria developed a web page that was used to disseminate information and applications for the Social Enterprise program. Information on both segments of the project is in in both English and Bulgarian. A volunteer has been assisting the Administrative Officer with maintaining the page.

Both Program and Administrative staff continued active cooperation with other programs and organizations. Our database of organizations and the services they provide is constantly up dated to reflect the most current information and is available for use by anyone who is interested. Meetings with other organizations and cooperation with NGOs remains a valid activity and has proven to be beneficial as we look for information, guidance and provision of services.

Leveraging has seen success this quarter as the Community Fund site Municipalities agreed to provide office space to the Local Consultants. Media coverage was donated at an in kind price of \$250.00 in Chepelare, and at a 30% discount in Gabrovo.

This quarter has been very productive, and we anticipate solution of the situation with CSDF to be concluded next quarter, opening the way for localizing the Counterpart Bulgaria office.

## **B. Project Purpose**

**To enhance the sustainability of Bulgarian NGOs**

## **C. Project Impacts**

### **Community Fund Development**

#### **Public Forum unites the community against closure of a professional business class ...**

The local school offering professional business classes is one of the leading educational institutions in Chepelare and attracts young people from the region. Included in the on-going reforms of the education system was a proposal for the closure of the professional classes within the school. All citizens were against the decision of the Ministry of Education. During the Public Forum for building consensus about community needs and priorities, 90 representatives from all sectors of the community initiated a citizens' action against the decision of the Ministry. They united in raising their voice and wrote a letter to the President, the Chairman of the Educational Committee and the Minister of Education. The Public Forum played a vital role in the mobilizing the community to defend their interests.

#### **The citizens of Chepelare wake up ...**

One of the characteristics of the citizens of Chepelare - a small mountain town - is their resistance to new ideas and change. Counterpart initiated an active community dialogue to increase citizens' participation in the decision making process and increase their awareness of the opportunities that a community fund can provide. Gradually, the citizens became more active and demonstrated an increased buy-in of the idea to establish a community fund. Moreover, they started to think about cooperating and combining their efforts to improve the community and to share their vision. The most surprised by the increased citizen involvement and participation was the Mayor, who said: "I have never seen the citizens of Chepelare be so active. They stop me on the street and start sharing ideas about the fund and its role for our community". This is the real power of citizen participation.

#### **Youth Participation in defining the community vision...**

The children of Chepelare took an active role in mobilizing the community and preparing the Public Forum. An arts competition, "My Vision for Chepelare in the 21<sup>st</sup> Century", was announced for youth between the ages of 12 and 16. A broad information campaign was launched in local schools resulting in the submission of 60 drawings. The top 10 were selected and posted in the hall where the Chepelare Public Forum took place. Surrounded by children's drawings of their vision for Chepelare, the community leaders passionately discussed the priorities of the community fund that would lead to achieving the dreams of their children.

#### **Journalists support the Chepelare Community Fund...**

The local media was heavily involved in the dissemination of information and in public discussions regarding the future of the Chepelare Community Fund. Local journalists participated in the events for raising public awareness of the needs of the community and the priorities of the community fund. As interest and community involvement gradually increased the local cable radio organized, on their own initiative, a survey amongst the citizens regarding the Community Fund. The positive result of their participation and support is evidenced by the number of people on the street who are familiar with the process of creating a Community Fund and their willingness to donate to the fund.

#### **Volunteers participate in the first fundraising campaign in Chepelare...**

The objective of the first fundraising activity of the Community Fund, as defined by the citizens of Chepelare, is the installment of energy efficient and environmentally friendly street lamps. This objective has a direct effect on public safety and will contribute to attracting more tourists to the community. The slogan of the campaign is “Little money – lots of light”. The campaign included the collection of money on the street, in restaurants and other public places during the town holidays. The initiative group that organized the campaign originally invited 25 volunteers; however, 40 volunteers expressed an interest in participating and were active in the fund drive. The Red Cross trained the volunteers in public fundraising. The youths’ spirit of volunteerism and interest in the Chepelare Community Fund’s first fundraising campaign is evidence of the community’s mobilization and high degree of awareness of the benefits of the fund. The event strongly complements the community’s efforts to involve the younger generation in civic initiatives and community life.

#### **Social Enterprise Development**

##### **Better informed NGO sector about the social enterprise concept and opportunities...**

The concept of Social Enterprise is relatively new and has captured the attention of international practitioners and donors around the globe. Although the concept is new for the third sector in Bulgaria as well, the environment for the development of social enterprises is favorable. The new law governing not-for-profit entities includes a provision for economic activities conducted by NGOs. However the concept of the social enterprise as a mechanism to introduce business practices into the social service NGOs is still relatively new and underdeveloped. The Counterpart – Bulgaria program team conducted a broad information campaign through which the social enterprise concept reached 300 NGOs through the country. Moreover, various media events and interviews are having a snowball effect with information outreach greatly increasing public awareness.

## D. Management Overview

### Management

#### CSDF

During this quarter a large percentage of the COP's time and effort was devoted to the relationship with CSDF and seeking solutions to the issues that have been hindering program implementation. The result, at the end of this quarter, is that the terms for ending the relationship are in the hands of the respective attorneys.

#### *Alternative Plan:*

The alternative plan which was developed and submitted to USAID for approval last quarter was approved early this quarter. Implementation of the plan ensured the timely and effective implementation of program objectives. (Included in the USAID CSDF Termination Document in Attachments)

#### *CSDF/CI Working Group Meeting*

Upon the recommendation of USAID CTO, Diana Arnaudova, the COP arranged a meeting with CSDF Board Member, Asya Kavrakova, to discuss the working relationship between the two organizations. The meeting was also attended by Counterpart – Bulgaria FO.

COP initiated the meeting by stating that Counterpart understands CSDF's frustration with not having a signed document and that we also understand the difficult situation created by funds for the COP being deposited to their account. We expressed our concern over CSDF's lack of participation in program implementation and their constant request for additional funds. COP gave specific examples of CSDF's unwillingness to participate.

Ms. Kavrakova met with the Board and management of CSDF regarding her meeting with Counterpart – Bulgaria, and they decided that a Working Group Meeting was in order and asked us to participate. We accepted the invitation and prepared the agenda for the meeting, which was held on April 2, 2002 in the Counterpart Office Conference Room. In attendance were: Counterpart COP, FO and Program Manager; and CSDF Board Member, Member of Controlling Board and Program Manager.

The agenda items were:

- Strategic relationship between Counterpart and CSDF, its essence and objectives
- Partnership and Sub-Contractors agreement and their legal and operational classification
- Targets and objectives of partnership between Counterpart and CSDF
- Project up date, expectations and achievements with special reference to activities related with CSDF and its impact on the overall program objectives and accomplishments
- Mutual understanding, communication and working relationship
- Operational, administrative and financial issues and finding easier and more coherent ways to resolve them.

The meeting was recorded, and COP prepared a rough transcription of the discussions, with a summary that was distributed to all attendees.

#### *Termination of the relationship with CSDF*

CSDF's proposal to alleviate the difficulties and insure timely implementation of the program was received as scheduled; however, their suggestions were not satisfactory and did not contain the necessary assurances of their effective participation in program implementation. Our USAID CTO requested documentation of the inadequacy of CSDF's performance, an official request to end the relationship and our alternative plan for implementing the program without them. The document was

prepared and delivered to USAID who approved termination of the relationship and the alternative plan on April 25th. (Attachment)

On May 1, Arlene Lear, Counterpart's Senior Vice President for Programs visited Sofia and officially notified CSDF of our intention to terminate the relationship. Since that time our efforts to come to amicable terms of termination have not had positive outcomes. CSDF continued to demand additional funding and as of the close of the quarter have not submitted the program performance report or the invoices to back up their financials. Ms. Lear traveled to Sofia to meet with CSDF and attempt to end the relationship in a mutually agreeable manner. The meeting concluded with the legal processes of termination being handed over to the respective attorneys, which is where we are now.

### **Annual Work Plan and Budget**

As a result of approval by USAID to terminate our relationship with CSDF, implement the alternative plan and seek a replacement partner, the Annual Work Plan and Budget required revision. The revisions were completed during the quarter and the Plan was approved by USAID.

### **Replacement Partner**

In order to meet the program requirements of objective 3, "To enhance the capacity of the Civil Society Development Foundation to support community funds throughout Bulgaria", the process of identifying and selecting a replacement partner were developed.

The agreed upon process is as follows:

1. A list of 3-5 organizations that meet the criteria will be gathered.
  - The organizations' interest in participation in the BPCFSE program will be determined through a meeting between the COP and the Directors of the organizations.
  - Eligibility will be determined through recommendations, researching capabilities and meetings.
2. The selected eligible organizations will be given the program description, implementation timelines and responsibilities and necessary budget information and be invited to present themselves and their proposal.
  - The organizations will present a verbal presentation as well as a written proposal to the staff of Counterpart-Bulgaria.
  - From the 3-5 organizations that present themselves for consideration, a shortlist of 2-3 will be created.
3. Counterpart Management Team will visit the shortlisted organizations
  - COP will meet with the Director
  - FO will meet with the Financial Department
  - Program Manager will meet with Program Department.
4. A selection review committee will be recruited and include the following:
  - Counterpart COP (Tilly Reed)
  - Counterpart FO (Shehzad Mehmood)
  - Counterpart PM (Maria Ilcheva)
  - BCNL (Luben Panov)
  - USAID representative (Diana Arnaudova)
  - Other USAID funded project Director (Jane Grube)

### **BUDGET CONSIDERATIONS**

Taking our experience with CSDF into consideration, it is recommended that the budget for our new partner be activity based. Expenses we have incurred in performing the responsibilities which CSDF was to have completed are to be reduced from the budget amount available for our new partner's activity in program implementation.

Letters were sent out to four organizations requesting an initial interview with them: FLGR, BCAF, FED and NGO Resource Center. Appointments were arranged with all of the organizations with the exception of the Resource Center who decided not to participate in the competition.

In the meantime, however, during Arlene Lear's visit to Bulgaria we discussed the possibilities of localizing the Counterpart Bulgaria Office to be the support organization for community funds as well as social enterprises. This was looked on favorably by USAID and at quarter's end we are waiting for official approval. Therefore, we conducted the meetings in a different manner, exploring possible cooperation in the various aspects of program implementation. The organizations interviewed were receptive to the idea of cooperating and look forward to the opportunity of doing so.

### **Localizing**

Our initial ideas for justification of localizing the Counterpart Bulgaria office to be the support organization to Community Funds and Social Enterprises, which were presented to USAID, are as follows:

- To bring a new partner up to speed would be time consuming and expensive
- To bring a new partner up to speed is virtually impossible as the ground work has been completed and the partner has already missed out on this important stage which is the foundation for supporting CFs.
- After speaking with 3 possible partner replacement organizations (BCAF, FLGR & FED) it does not appear that any of them have the capacity or experience to act as support organization to the CFs.
- Localizing our office would mean a support organization for the SEs as well.
- Who knows better than Counterpart – Bulgaria how to implement and lend support to CFs and SEs?
- Localized Counterpart BG's mission will be to support established CFs and SEs and assist in the development of new ones. Partner organizations would only have this as a segment of their programs, not the main focus.
- Counterpart International would continue to lend technical support to and share their vast experience with the Bulgaria office.
- With the remaining funds designated for our partner, Counterpart Bulgaria can increase the staff to better support the CFs and SEs.
- The localized office could be registered as a loan giving institution and manage the Social Enterprise Fund, thus being the one-stop support for SEs.
- Localized organization will be in a position to access EU funds

USAID requested that we submit the pros and cons of localizing our office, which will be done in July. We will await formal approval of the plan to localize and then submit our revised Annual Work Plan and Budget.

### **Human Resources**

#### **Staffing changes**

Ana Vateva joined Counterpart International Bulgaria on May 08, 2002 as a Social Enterprise Program Manager replacing Gabriela Chiflichka whose employment contract was terminated on April 30, 2002. This staff change was carried out with the prior approval of USAID as outlined under section M; sub-section 2 of the cooperative agreement signed between USAID and Counterpart International Inc. Ana Vateva has prior experience working in the corporate/business sector and USAID funded programs, which will be instrumental in implementing the social enterprise segment of our program. She is a much-welcomed addition to our staff.

Maya Todorova was hired as Administrative Assistant on May 20, 2002 replacing Desislava Dzhurkova who, based on her job performance and augmented responsibilities, was promoted to the



position of Administrative Officer effective June 01, 2002. To enhance her capacity to meet the demands of the new job responsibilities, the Administrative Officer was provided with additional training necessary to implement the accounting and administrative routines and practices. This training is an on going process that will continue in order to fully train the staff to undertake the responsibilities in a more professional and effective manner.

As a result of CSDF's hesitance to participate in program implementation, modifications were made in the original program as outlined in the Alternative Plan submitted to and subsequently approved by USAID. Therefore, in line with the approved alternative plan three local coordinators were hired on April 01, 2002, one each for the three community fund locations; Chepelare, Gabrovo and Blagoevgrad. These three local coordinators are playing various important roles, such as; community mobilization; act as a liaison between Counterpart International and key stakeholders; and to coordinate all CF activities in the region.

### **Staff Evaluations**

During the last quarter, staff evaluations (performance appraisal) were carried out for all staff of Counterpart Bulgaria who had completed their probationary period. During this process all staff had the opportunity to appraise themselves in addition to being evaluated by their immediate supervisor/s. This two-tire evaluation process was well taken and has been helpful in enhancing the capacity of our staff.

### **Staff Development**

After employing the three local coordinators, training was conducted in order to apprise them of Counterpart policies and procedures, relevant USAID regulations and Bulgarian accounting legislation. Counterpart staff who was assisted by Chronic on matters pertaining to Bulgarian accounting Laws facilitated the training. The outcome of the training was productive as the new staff members had the opportunity to learn new techniques, which will help them to better manage their assigned tasks.

In the continuation of our effort to develop the capacity of our local staff members, the Finance Director facilitated a training session on USAID and Counterpart's procurement policies and procedures. Following this training, we plan to hold additional extensive workshops on USAID administrative policy and the procedures directly affecting our program activities. These trainings will help our staff to better understand the applicable legal and financial regulations. This will also help our staff in program planning and implementation.

The Chief of Party organized and conducted a study tour to the Slovak Republic from June 15 to June 20. The Program Staff and COP met with 10 Slovak organizations: 4 Community Funds, the Agency for Rural development, VOKA/Micro Credit Programs, Integra, Citizens Action, and the Foundation for a Civil Society.

The purpose of the Study Tour was to visit working models of Community Funds and Social Enterprises in Slovakia and to share experiences. The trip provided valuable first hand experience and many new and interesting ideas emerged, which will be beneficial to our work in the communities. (Attachment – Report Study Tour)

### **Finance and Administration**

The process initiated in the last quarter for the hiring of a local accounting firm was completed in April. After thorough research and interviews M/S Chronika was selected on the basis of their experience, reputation and lower quote. Following the signing of the contract, Chronika reviewed all records and completed all formalities required under the Bulgarian Laws. The period under review of Chronika begins March 1<sup>st</sup> and continues on a monthly basis. However, all financial records prior to March 1<sup>st</sup> are issued in the name of CSDF, who hold their possession, which once returned to Counterpart will be reviewed.

While following the process of registration, Counterpart - Bulgaria was registered at the National Institute of Insurance.

In the last quarter, Counterpart – Bulgaria started using the electronic banking software program provided for and operated by Citibank – Bulgaria branch. This facility has resulted in both cost and timesaving, as fewer trips to the bank are now needed as compared to previous period/s.

### **Information Technology**

In order to maximize the outreach potential of our program, a web page was designed and uploaded with the address of [www.counterpart-bg.org](http://www.counterpart-bg.org). The web page contains all important information about Counterpart's program in Bulgaria. This web page was also used to publicize information on the application process to be followed by the NGOs for our Social Enterprise Program. The web page is updated periodically by Counterpart staff themselves and at times with the help of volunteers.

In addition, Counterpart has developed a database of local NGOs working in Bulgaria in the areas of social and economic development. This database was successfully used in our SE program during the process of identifying viable NGOs working in the social sector. The database will be regularly updated and upgraded in order to provide extensive information under various profiles and categories.

## E. Project Activities by Objective

### **Objective #1: Facilitate the process of community fund development in three communities in Bulgaria.**

The Community Fund program activities were centered around community mobilization efforts and start up related to registering individual Community Funds. These activities progressed at different rates in each of the three communities. From the very start of the process it was obvious that community mobilization would be more easily achieved in the smaller community of Chepelare than in the larger communities of Gabrovo and Blagoevgrad. Another factor that influenced greatly project implementation was the support provided by local government. In Chepelare and Gabrovo the Municipality was very supportive, while in Blagoevgrad we experienced some delay in activities due to local elections resulting to a new Mayor. In general, Counterpart has experienced no considerable difficulties, rather participants from all sectors have embraced the idea of starting up a Community Fund in their town. Key activities for the past quarter both general and community-specific follow.

#### **General**

##### **1. *Selection of a Local Coordinator in Blagoevgrad***

A total of 16 candidates submitted their applications, of which 8 were short-listed and interviewed. The Selection Committee, comprised of the Program Director, CF Project Manager and an expert from the Municipal Department of Economy, conducted the interviews. The Chief Secretary of the Municipal Administration committed to accommodating the Local Coordinator in a room at the Municipality, to be shared with another project until the Municipal Council decides whether or not to provide us with another office.

##### **2. *Start up of the local CF offices***

Chepelare – The local office opened on April 1, 2002. The Municipality repainted the office and provided furniture.

Gabrovo – The Municipality provided office space in the center of the town. The Gabrovo office was in very bad condition and required serious renovation, the costs of which were covered by the Municipality. The Local Coordinator was invited to select the furniture and the office opened its doors to visitors on June 1, 2002.

Blagoevgrad – The Local Coordinator in Blagoevgrad was housed in shared office space at the Municipality. The election of a new Mayor in Blagoevgrad slowed the process of project implementation in this town, and leaves the issue of finding permanent appropriate office space for the Community Fund unsettled.

##### **3. *Local Coordinators' Professional Development***

Orientation – The CF Project Manager prepared a two-day training for the Local Coordinators to familiarize them with the BPCFSE program in general and the CF component in particular. The training took place in Sofia. Participants discussed the following:

- The Project Document and the Annual Work Plan for year 1
- The methodology to mobilize communities for starting up the Community Funds
- How to do presentations of the project at one-on-one meetings
- Logistical issues related to organization of group meetings and other events
- Reporting – format for monthly activities and financial reports
- Relationship with the media – session facilitated by consultant Methody Methodiev
- Administrative issues – facilitated by Administrative Officer Desislava Dzhurkova
- The Job Description of the Local Coordinators and their roles and responsibilities.

Media Training – The Local Coordinator in Chepelare attended a training by the Bulgarian Media Coalition, a group that trains NGOs and media workers in how to improve relationships between the third sector and mass media. The training session was held in late May in the nearby town of Smolyan. Similar trainings will be organized by BMC in Gabrovo and Blagoevgrad in the coming months and will be attended by our Local Coordinators in those towns.

Legal Training – The Bulgarian Center for Non-for-profit Law (BCNL) organized a one-day training on legal issues related to the registration and functioning of non-for-profit organizations in Smolyan that was attended by our Local Coordinator in Chepelare. The training preceded the preparation for CF legalization and was very useful. The Local Coordinator shared the knowledge gained at this training with the Steering Committee that worked on starting up the Fund.

#### **4. *Experience Exchange with other Philanthropic Organizations in Bulgaria***

Lovech Community Fund – Counterpart staff met with Donka Mihailova from the Lovech Community Fund to discuss the strategy for Gabrovo. Ms. Mihailova shared her impressions garnered from recent meetings with Gabrovo NGO representatives. They were disappointed by the cancellation of the Swiss program, “Public Forum”. She believes that the Swiss program created expectations that might obstruct the successful development of our project, especially if we utilize similar methodologies such as the forum as a means of building public consensus. According to Ms. Mihailova, even if we use the same methodology, we should not emphasize the needs assessment part of the forum, but instead focus on decision-making and planning. People are tired of extensive discussions that are not followed up with actions. She recommended that we avoid the term “public forum” altogether and replace it with something like “public discussion”.

The strategy for starting up the Gabrovo Community Fund, according to her, should focus on involving key civic-minded individuals from each sector. In a town of 80,000 people it is difficult to combine large-scale representation with operative ability. She advised us to approach associations of business people, such as the Association of Employers and the Rotary Club, who will take the lead in attracting the business sector. As far as the Gabrovo NGOs are concerned, there is a visible differentiation between the big NGOs supported by international donors, and the small grassroots NGOs. Our program should be flexible in collaborating with both of them – the strong ones will add value with their image, while the small ones will contribute by sharing their experience in local fundraising for public benefit purposes. Finally, we should think of attracting the right people from the Municipal authorities. There are two seats for local authority representatives on the Lovech CF Board who are nominated by the Municipal Council. We should think of a similar mechanism to ensure local government representation in the CF.

We agreed to take full advantage of Ms. Mihailova’s skills, experience and capacities and invited her to facilitate the initial information meeting with the NGOs in Gabrovo. She committed to sharing the experience of Lovech Community Fund at this meeting, and to assist us in any way she can in starting up the fund in Gabrovo.

The Bulgarian Charity Aid Foundation (BCAF) – BCAF organizes meetings for businesses around Bulgaria during which they promote corporate philanthropy and familiarize participants with the various forms of charitable giving existing in the West. The Program Director and CF Project Manager attended this meeting to gather information and to observe BCAF’s consultants. We were interested in engaging BCAF to organize similar business meetings in the pilot sites to introduce the CF project to the business sector. The meeting introduced the new system of payroll donations, which BCAF was the first to popularize. BCAF gave us the opportunity to speak about the CF project in Blagoevgrad, which generated a considerable amount of interest.

Following the meeting in Blagoevgrad, the Program Director and CF Project Manager invited the BCAAF to discuss conducting similar joint meetings with representatives of the business sectors in Gabrovo, Chepelare and Blagoevgrad. The goal of the meetings would be to introduce them to the Community Fund initiative, and to give them a broader perspective on corporate social responsibility in other countries, as well as on tax incentives for donors existing in Bulgaria.

BCAAF and the CF Program Team cooperatively conducted a meeting with the business sector in Gabrovo. Although there was some initial confusion and the audience requested a change in the agenda, the two organizations were able to introduce the necessary information and stimulate interest in the Community Fund.

Shannon St. John/Open Society Club in Varna – The Program Director and CF Project Manager met with Shannon St. John at the Open Society Club in Varna. A list of questions, which had been e-mailed to Ms. St. John, were discussed focusing on those we considered most important given the current stage of project development, such as:

- CF Start-up
- CF Structure
- Donor participation in decision-making
- Board Development
- Building an Endowment
- Grant-making
- Monitoring and evaluation of projects funded by the CF
- Fundraising

Ms. St. John shared the two different schools of thought regarding Community Funds and Community Foundations. The first is more conservative and it draws upon the North American understanding of a Community Fund as a charitable organization that builds an Endowment. According to this understanding, the creation of an Endowment is the most essential feature of Community Funds. The other school of thought is more liberal and flexible to accommodate the different socio-economic contexts in which Community Funds have recently emerged. Its definition of a Community Fund is broader – it encompasses all organizations that mobilize local and international resources to do grant making in support of community identified needs. She mentioned that, according to her research on Community Funds and Foundations in Central and Eastern Europe, there is only one existing Community Foundation that has managed to build an endowment and this is the foundation in Banska Bystrica. In the CEE region endowments are hard to justify and harder to raise. Ms. St. John advised us to be as flexible as possible in responding to the demands of the local context, and look for alternative means to make the Community Fund sustainable. One of the main objectives of the Community Funds in Central and Eastern Europe is to build on the philanthropic traditions of the past and to create an environment in which to foster renewed cultural awareness of individual responsibility.

She has been in contact with Open Society Clubs in Bulgaria since 1996, in her opinion they have developed as Community Foundations, which is how they are known in Europe, and beyond. According to her it is very important for the success of our CF project to keep in touch with them and exchange experiences and lessons learned. The Program Manager suggested that we organize a conference facilitated by Ms. St. John of all Community Funds and Foundations existing in Bulgaria some time in the autumn. This event, titled “How to make Bulgarian Community Funds and Foundations successful”, could become the starting point of a Network of Community Funds and Foundations in Bulgaria. We invited Ms. St. John to conduct a Community Funds-basics training for the Boards and staff of the Community Funds in Chepelare and Gabrovo, and for the Steering Committee from Blagoevgrad in October of this year.

## ***5. Preparation for the Information Campaigns for Gabrovo and Blagoevgrad***

Following the initial presentation of the program to local authorities in Gabrovo and Blagoevgrad, and the series of individual meetings with key informants from all sectors, Program Staff developed the plan for a large-scale information campaign, organized and implemented with the help of the Local Coordinators. The objectives of this campaign are to inform the general public of the goal of the CF project and to encourage support towards this goal. In larger communities such as Gabrovo and Blagoevgrad, information reaches the majority of people through the media. This requires a different strategy from the one used in the small town of Chepelare where information spreads from person to person, and local media is not the major source of news about civic initiatives. The plan included several types of activities:

- Press conference – To inform citizens of the goal of the project and the steps necessary to create a Community Fund, as well as the methodology that will be used to attract media attention and ensure further coverage of the most important project-related activities.
- Regular meetings with the media – To be held once a month at a fixed time and place. To provide current information about project implementation and ensure media involvement in all public events organized by the Steering Committee, and later by the Community Fund; to supply journalists with brochures featuring the project and Info Bulletins developed by the Local Coordinators about project accomplishments; press releases; invitations to forthcoming events, etc.
- Visual advertisements of the project - Posters placed around town to attract public attention and deliver a “catchy” message.
- Radio clips – A short advertisement of the project broadcast by the radio to draw public attention to the initiative of starting up a Community Fund utilizing the same “catchy” message as the brochures and posters.
- Distribution of Brochures about the CF – To be distributed at individual and group meetings with representatives from the three sectors and to other active citizens in order to provide basic information about the Community Fund as a fundraising organization, working principles and community benefits. Brochures contain the same “catchy” message included in the posters and the radio clips.

This plan was developed with the assistance of the Executive Director of the Bulgarian Media Coalition (an USAID-funded Bulgarian NGO) who had committed to assisting us in developing our promotional campaigns during preliminary meetings in January 2002. Upon his recommendation, we contacted the Association of Bulgarian Broadcasters (ABBRO) who work with all local radios and TV channels, and have experience in media advertising, and requested an offer for production of a radio clip and the preparation of the broadcasting plan. We also contacted two other agencies and received offers. The other promotional materials (posters and brochures) were created with the help of a professional designer, and were printed by the end of May.

## ***6. Familiarization with the experience of Community Funds and Foundations in Central and Eastern Europe***

From June 15 to June 20 the COP and Program Staff conducted a study tour in Slovakia and met with four Community Foundations and Funds. Valuable experience was gained and many interesting ideas emerged that will assist us in facilitating the development and support of community funds in Bulgaria. Key findings and lessons learned from the Slovakian experience include:

- Legislative framework – The legal context in Slovakia is more favorable for the development of community philanthropy organizations than the Bulgarian. Slovak legislature allows citizens to donate 1% of their annual tax to NGOs; next year the same law will be adopted for legal entities.

- Impetus for formation – International donors such as USAID, Mott Foundation, Ford Foundation, Rockefeller Fund, and Soros Foundation have financially supported the start-up of community foundations in Slovakia. However, the desire to create those foundations sprang from citizens in the NGO sector who adapted the American model for Community Foundations to the Slovak context.
- Funding basis – Slovak Community Foundations have found ways to attract both European and North American funding for their grant-making and operational costs. Building an Endowment is perceived as the principle means of achieving sustainability. None of the foundations with whom met have attempted to implement income-generating activities to support their operational costs and further their goals, although the Slovak law for not-for-profit legal entities allows them to do so
- Definition of Community Foundation – In Slovakia, a Community Foundation is understood to be a not-for-profit organization that serves a specific geographic region and accumulates funds from local and international donors as well as from citizens, local businesses and local government, to support civic initiatives that meet local needs by grant-making. According to our Slovak colleagues, the key feature that differentiates a Community Foundation from a Community Fund is the existence of an endowment, which ensures the sustainability of the foundation. In Slovakia, building an endowment that adequately covers operating costs has taken an average of 5 years. Community Funds do not usually build endowments using all money raised for grant giving. Taking into account the definition of a Community Foundation that is generally accepted in Slovakia, we concluded that there is a great similarity between the model of Community Funds that we aim to develop in Bulgaria, and the one that has been developed in Slovakia as a Community Foundation. (The full report from the study tour in Slovakia is included in the Attachments.)

## **Chepelare**

### **7. *Preparation and Conducting the Public Forum in Chepelare***

Having in mind that starting up a Community Fund is essentially a community mobilization process whose success depends on civic participation, Counterpart aimed to involve key figures from all sectors and the community at large in decision-making regarding the fund. In order to achieve this a Community Forum was organized on April 27, 2002. Community members discussed issues relative to starting up the Community Fund and the Test Fundraising Campaign.

- Selection a moderator - CF Project Manager researched Bulgarian NGO consultants who have experience in moderating similar public forums. Counterpart selected Mr. Methody Methodieff who has assisted DemNet and the Swiss Agency for Development Cooperation in organizing public forums in the Kurdjali and Central Balkan Mountains regions. Mr. Methodieff assisted Counterpart in developing the plan and training local people to facilitate the small group discussions within the forum. He also facilitated the focus group discussions that preceded the forum and assisted with the preparation of the information campaign leading up to this important public event.
- Forming an initiative group to prepare the Community Forum - The process started by inviting an initiative group, consisting of active citizens from different sectors who were identified in the previous individual and group meetings, to assist with the implementation of this initiative. They were asked to disseminate information and ensure participation of key people from all community groups and sectors in this significant event. The plan for organizing the Community Forum was presented to the initiative group and modified with their help to fit local expectations.

- Structure of the Community Forum in Chepelare - At the first meeting, the initiative group discussed the structure of the Community Forum and designed it to reflect the socio-economic configuration of Chepelare Municipality. It was decided that there would be ten work groups within the Forum: 1) Hotel owners, restaurant owners, trades people and producers; 2) Timber and wood processing; 3) Municipal administration; 4) Municipal council; 5) NGOs; 6) Youth and education; 7) Culture, art and crafts; 8) Sports; 9) Citizens; and 10) Village Mayors.
- Focus group discussions with each working group - The above mentioned Community Forum working groups were invited to preliminary focus group discussions during which they outlined community needs, resources and opportunities for development. Another objective of these meetings was to inform the participants of the methodology that would be used to reach consensus on important issues regarding the Community Fund. There were between 10 and 20 participants in each focus group discussion. Each group nominated 7 people to represent their sector at the Community Forum on April 27, 2002.
- Training of facilitators - To ensure orderly and effective discussions during the event, Counterpart, with the help of Mr. Methodieff, trained 14 local people to act as facilitators of small group discussions during the forum. The facilitators were identified and invited by the Local Coordinators.
- Information campaign - Information about the forthcoming Community Forum and its objectives was disseminated in the community by means of brochures, posters, banners, interviews of CF Program Manager and the Local Coordinators in the local radio and cable TV. The Initiative group distributed a promotional brochure, explaining the forum structure and approach for reaching public consensus, to community members from all sectors.
- The role of Local Coordinators - The Local Coordinators managed the logistics throughout the entire process of preparation for the Community Forum. They prepared and sent invitations to the participants in the forum, disseminated information, were in constant contact with the initiative group, and provided Counterpart with timely feedback about the reaction of the local people to the activities preceding the Community Forum. The Local Coordinators from Gabrovo and Chepelare attended the Community Forum in Chepelare and assisted as recorders, which was also a good learning opportunity for them.
- Community Forum outcomes - The Community Forum took place on April 27, 2002 in a hall belonging to the Technical School of Tourism in Chepelare. There were about 100 people in attendance: 10 working groups comprising of 75 people; VIP guests including the Mayor, the Olympic champion in biathlon (Katya Dafovska), the founder of the cave museum in Chepelare; representatives of the State Agency for Youth and Sport; the media; Counterpart Bulgaria COP, FO and staff; and Diana Arnaudova from USAID. The Forum had three objectives:
  - To reach public consensus about the problems the Community Fund can feasibly address
  - To discuss the process of starting up the Chepelare Community Fund and to select a Steering Committee to lead the process
  - To finalize the goals of the test fundraising campaign to take place in May 2002.

The work was organized into small and large group discussions. After the opening speeches, including a welcome speech by the COP, the CF Project Manager made a brief presentation on the Community Fund Project goal and what had been achieved in Chepelare. She also presented the outcome of the sociological survey on community priorities and attitude towards the idea of a Community Fund, conducted in March 2002. The participants used this information in their discussions on the priorities that the Chepelare Community Fund should address. The working groups were first asked to identify and prioritize needs that are most important for the average citizen, after which they evaluated existing resources for meeting those needs. On the basis of needs identification and resource evaluation, the groups focused on problems that can be solved with the help of the Community Fund. The whole forum was asked to vote for the main priorities that the Chepelare CF will address. These were formulated as: 1) Sports and tourism; 2) Infrastructure (small infrastructure projects); and 3) Education and culture.



The process for starting up the Chepelare Community Fund, which was preliminarily elaborated during the focus group discussions, was formally agreed upon by the Forum. Both the small and large group discussions went smoothly and the Forum achieved its objectives. A Steering Committee of 11 people was elected comprised of: 1 member of the municipal administration; 1 member of the municipal council; 1 member of the villages; 4 business people; 1 representative of sport and tourism; 1 representative of culture and education; 1 representative of the NGOs and 1 representative of the citizens who belong to none of the mentioned groups. Most of the members of the initiative group that assisted with the organization of the public forum were formally elected as members of the Steering Committee that will prepare the start-up of the Community Fund.

The greatest challenge was to achieve consensus about the goal of the Test Fundraising campaign that would precede the founding of the Chepelare Community Fund. The suggestions that received most votes were: re-publishing of the book “History of Chepelare”; purchasing of a snow-tramplng machine for the ski runs; and modernization of the street lights in the Municipality with energy efficient bulbs. The forum delegated the responsibility for deciding upon the goal of the Test Fundraising and its organization and implementation, to the Steering Committee. The Community Forum in Chepelare is a good example of participatory decision-making about issues concerning the whole community. The forum paved the way for the creation of the actual Community Fund and achieved community ownership of this initiative.

#### **8. *Large-scale Citizen Participation in the Chepelare Test Fundraising Campaign***

The preparation for the test fundraising campaign started with a meeting of the Steering Committee elected at the Public Forum on April 27, 2002. The meeting was organized by Local Coordinators and facilitated by CF Project Manager. A legal expert from BCNL clarified the legal issues related to organizing and conducting a fundraising campaign. With BCNL’s assistance, the Steering Committee prepared a legally binding contract among themselves that stated the roles and responsibilities of the group vis-à-vis conducting the test fundraising campaign. BCNL also assisted the Committee in its preparation for founding the Community Fund as a legal entity.

A detailed plan for the preparation of the test fundraising campaign was developed at this meeting. It included: Media advertisement of the campaign on local cable TV and local radio; preparation and distribution of leaflets and posters; individual meetings with key potential donors; preparing for and conducting of cash collection on May 24 during the town’s holiday; and opening of a bank account in the name of the Steering Committee and nominating three of its members to access and manage the account.

The Steering Committee agreed that the money collected during the test fundraising would be transferred to the bank account of the Community Fund when it is registered as a legal entity. The Committee decided to start the process of legal registration immediately after the Test Fundraising. Within the Bulgarian taxation law it is preferable that an NGO for public benefit, which the Community Fund will be, operates with funds collected for charitable purposes and not as a civic group such as the Steering Committee.

Another objective of this first meeting was to discuss and evaluate suggestions for the goals of the test fundraising campaign, brought up at the Public Forum, and make a final decision. The three suggestions that received the greatest number of votes were discussed. After heated discussions, the Steering Committee reached consensus that the most appropriate goal for the test fundraising campaign would be changing the streetlights. This will produce the most tangible effect for community members, thus greatly increasing people’s trust in the Community Fund. The Municipality declared their readiness to support this effort with sufficient funds to reach the goal. The amount needed to change the streetlights in Chepelare is BGN 70,000 (USD 35,000). The goal of the campaign was to collect at least BGN 35,000, which would be matched through Counterpart’s community fund grant pool.

The test fundraising campaign was initially planned for one week (May 24-30, 2002) beginning with cash collection from the public during the town's holiday celebration on May 24, followed by bank transfers from the bigger donors. We discovered, however, that due to monthly budget restrictions and tax reporting, most of the firms preferred to transfer the money to the bank account after June 1, 2002. Therefore, the Steering Committee decided to extend the period of fundraising to June 7, 2002.

The promotional materials for the campaign were prepared in Sofia. The motto for the campaign "Little money – lots of light" and the symbol – an electric bulb – were designed by the Steering Committee. (See Attachments for copies of the promotional materials.) Each member of the Steering Committee undertook personal responsibility to distribute leaflets at a specific public event proceeding May 24, or to contact a specific potential donor. Activities related to the promotion of the campaign included:

- TV presentation on the goal of the test fundraising on May 12, 2002. Two members of the Steering Committee, the Local Coordinators and the Mayor participated. The Mayor confirmed the intention of the Municipality to support the campaign.
- Newsletter preparation and distribution by Counterpart-Bulgaria featuring the decisions of the Public Forum and the forthcoming fundraising campaign.
- Advertisement of the test fundraising designed by a member of the Steering Committee and broadcast every evening from May 14 to May 23 on local TV.
- Presentation on local radio by the Local Coordinator and a Steering Committee member.
- Individual meetings with potential big donors, such as hotel and restaurant owners, wood cooperatives directors, the director of the ski factory "Orion ski", and the owner of Devin mineral water company to get their commitment in supporting the campaign.
- Group meeting with big corporate donors, organized with the help of the Mayor. Chief of Party and CF Project Manager attended the meeting. The Chief of Party delivered a speech on the benefits that the Community Fund could bring to the community. The Mayor encouraged the business people to support the test fundraising campaign of the Fund.

There was a second meeting of the Steering Committee a week before the campaign to review achievements and to develop the detailed plan for May 24. The cash collection was to be conducted with the help of volunteers – students from local schools with oversight from the members of the Steering Committee. Counterpart identified a consultant – a member of the Bulgarian Youth Red Cross – who was invited to train the volunteers one day before conducting the cash collection. The Steering Committee designed a plan for covering all central areas of the town by volunteers collecting money in cash boxes, which were in the shape of a light bulb. Two stationary collection boxes were placed in the main square, and four groups of volunteers moving through different areas of town carried smaller cash boxes. The volunteers wore t-shirts and caps with the program logo and "Community Fund" written on them, so that they would be easily identified. The start of the cash collection was to be announced in the morning after the Mayor's speech and before the start of the citizen march down the main street. More than 2,000 people were expected to attend this celebration of the town holiday and to donate cash to the volunteers. Each person who gave money would get a sticker with the sign "I donated a little money for a lot of light!" and the symbol of the electric bulb.

On May 24 the cash collection was conducted as planned. There were about 35 volunteers organized in groups of 4-5 that managed to cover all central areas, as well as the main restaurants where people celebrated in the afternoon and evening. The headquarters of the campaign were based in the hall of the Municipality where the boxes were returned by 4:00 p.m. There was another tour around the restaurants in the evening. The counting took place at 11:00 p.m. the same day in the presence of 5 members of the Steering Committee, an additional representative of the municipal administration, several volunteers, the Local Coordinators and CF Project Manager. The total amount collected in cash was BGN 1852. The money was stored in the safe of the

Municipality until Monday, May 27, when it was transferred to the bank account. Bank transfers began on May 27 and continued throughout the week. The event was covered by one of the national TV channels – BTV, as well as by local cable TV. Representatives of other charitable organizations who have conducted similar campaigns in bigger towns around Bulgaria judged the cash collection as very successful. Almost everybody who was walking in the streets of Chepelare on the afternoon of May 24 was wearing the sticker with the sign “I donated...”. The majority of people who were there that day supported the campaign although with small amounts (1-2 BGN or stotinki). Based on the number of bank notes and coins in the boxes, we estimated that around 1000 people donated money on that day, which is a success for a town with a population of a bit more than 5,000 people.

After May 24, the Steering Committee members continued to meet with prospective donors and encourage them to support the campaign. The final amount collected by citizens and business firms will be known on July 7, 2002. The Municipality has declared its commitment to support the Community Fund by donating up to BGN 30,000 to meet the goal of the event. This promise guarantees that the campaign will be able to reach its goal of BGN 35,000 – half of the amount needed for changing the street lights in Chepelare.

#### **9. *Preparation for legalization of the Chepelare Community Fund***

The Steering Committee and Local Coordinators conducted weekly meetings to discuss issues related to preparation for legal registration of the Chepelare Community Fund. The main issues requiring attention were:

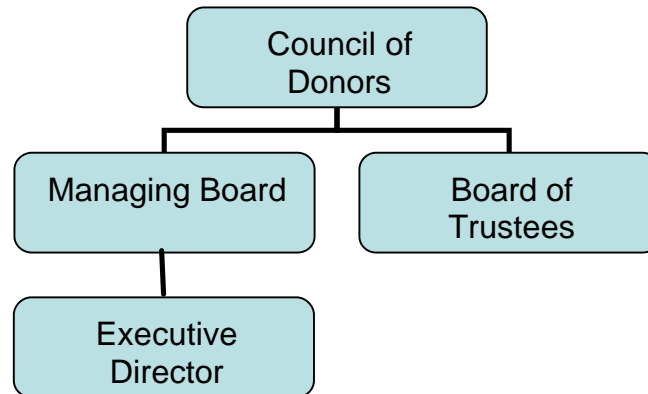
- Deciding on the form of the non-for-profit legal entity and its structure (foundation or association);
- Preparing the by-laws;
- Involving additional community members who wish to become founders;
- Nominating members for the governing bodies of the fund; and
- Preparing the founding assembly.

Counterpart assisted in the process by making available the services of a legal expert from BCNL. The Steering Committee received advice on the legal issues related to the Community Fund registration in court. The expert took part in two weekly meetings of the Steering Committee. At the first meeting he presented the two forms of legal entities existing in Bulgaria – foundation and association. A comparison was made between the legal requirements for their structure and governing bodies. The foundation is a non-cooperative entity that does not usually have members. It is founded by a founding donation made by one or more persons. If a foundation works for public benefit, it must have a collective governing body. The association is founded on the membership principle, and its highest governing body is the general assembly comprised of all members. Both the association and the foundation may have income generating activities in support of their mission. The expert’s opinion was that the form of foundation would be more appropriate for the goals that the Community Fund has – to accumulate funds from local and international sources and re-grant them to local civic groups and organizations. The Steering Committee decided that the Community Fund would be registered in court with the legal name Foundation “Community Fund – Chepelare”. After that they brainstormed ideas for the Fund’s structure and governing bodies. The discussion ended with the decision that the Community Fund will have the following structure:

- Governing body with highest authority – the *Council of Donors* that will include all donors that meet certain criteria (to be specified later in the internal regulations of the fund);
- Managing body – the *Managing Board* – consisting of professionals in different fields, representing the three main sectors in the community – business, local government and non-for-profit sector;

- Governing body with internal control functions and representative functions – the *Board of Trustees*; and
- The Managing Board will elect an *Executive Director* and other staff members as the fund grows.

## Structure of the Community Fund - Chepelare



It was also decided by the Steering Committee that the start-up of the Community Fund – Chepelare should involve all community members who are interested to become founders. A plan was designed for preparation of the founding assembly. The Steering Committee decided to apply a democratic and fully transparent procedure of electing the people who will become members of the foundation's governing bodies. The preparation for the founding assembly was announced by the local TV company and anyone interested in becoming a founder was invited to deposit money in a specially opened account at a local bank. To ensure higher participation, the minimum founding donation was decided to be BGN 5 per person. To make the election of governing bodies of the Fund a fully transparent procedure, those who became founders were asked to nominate members of the Managing Board and of the Board of Trustees. Nomination forms were prepared and distributed by Local Coordinators. All nominees who had agreed to run for membership in the Fund's governing bodies were invited to take part in the founding assembly, and give a short presentation on their motivation to work for the Community Fund.

At its second meeting with the expert from BCNL, the Steering Committee discussed in detail the By-laws of the Community Fund and finalized the content. The legal expert assisted in preparing the written document that was to be discussed by all founders and voted upon at the founding assembly. It was decided that all founders will automatically become members of the Council of Donors, while all subsequent donors who wish to join the Council will have to meet the requirements of the Internal Regulations document of the Community Fund. The role of the Council of Donors as the highest governing body of the fund will be to make strategic decisions, such as decisions related to changing the by-laws; to review the annual financial and activity reports of the Managing Board; to elect members of the Managing Board and the Board of Trustees; and to review applications by new donors. It was decided that the Council of Donors should consist of at minimum of 11 people.

The Committee decided that Managing Board members would lose their right to vote in the Council of Donors, while members of the Board of Trustees will retain their statute as members of the highest governing body (if they are founders or donors). To maintain a balance of interests within the Managing Board a decision was made to include members of the three sectors in approximately equal ratio and would consist of 7 people. Although the Board of Trustees, proposed to consist of 9 people, was initially viewed as an honorary organ

including community members who are highly respected and will serve to attract additional donors and increase trust in the Fund, it was later suggested that the Board of Trustees have internal control functions as well.

At its third meeting, the Steering Committee reached consensus to introduce an additional organ in the structure of the Community Fund, the Council of Founders, whose role would be to guard the principles on which the Community Fund is founded, and to block any decisions of the Managing Board that are not in keeping with the mission of the organization. It was suggested that this organ be comprised of 5 people elected from the founders and with a mandate of 2 years. Each founder could serve on the Council of Founders on a rotating basis. This decision was provoked by concern that future members of the highest governing body, the Council of Donors, could be elected as members of the Managing Board and potentially divert from the goals of the organization; making decisions that infringe on its image as an organization working for the benefit of the whole community. The role of the Council of Founders would be to prevent this by blocking decisions of the Managing Board with which all members of the Council disagree. At this same meeting the Steering Committee came up with a list of nominations for the Managing Board and Board of Trustees.

Thirty people from the community deposited money in the bank account to become Founding Members of the Community Fund and were invited to take part in the founding assembly on July 1, 2002. The objectives of the founding assembly were to vote upon the By-laws of the organization and to elect members of its governing bodies. The Steering Committee and the Local Coordinators worked together to ensure that the process for legalizing the Chepelare Community Fund was fully transparent and open to any member of the community that was willing to participate.

The information campaign that preceded the founding assembly of the Chepelare Community Fund involved the following activities:

- Radio announcement of the forthcoming legalization of the Community Fund and invitation from the Steering Committee to all citizens of Chepelare Municipality to take part in this process;
- Information bulletin (Newsletter) which included the project By-laws and explained the procedure for becoming a founder of the Community Fund. It was distributed to all local donors who took part in the Test Fundraising, and to all citizens who contacted the Local Coordinators and expressed interest in becoming founders;
- Announcement of the forthcoming founding assembly on the Information Board in the center of Chepelare;
- Participation of Steering Committee members and the Local Coordinators in a special issue of the local cable TV devoted to the legalization of the Community Fund; and
- Participation of the Local Coordinator in the National Radio program, “Horizon before Noon”, that discussed the development of the Project “Community Funds” in Chepelare and the forthcoming founding assembly

## **Gabrovo**

### ***10. Information Campaign to Popularize the Community Fund Idea***

The information campaign started in Gabrovo in the beginning of June with a meeting with journalists representing all local media. Program Staff decided to postpone the Press Conference until a major project-related event is organized, such as the test fundraising. The Local Coordinator invited representatives from all local radios, newspapers and TVs to an initial information meeting with the Program Director, CF Project Manager and Local Coordinator. The journalists were informed of the goal of BPCFSE program and the specific objectives of the Community Fund component. They expressed their readiness to cover the development of the project in Gabrovo.

In June the Local Coordinator took part in TV show “Economic Horizons”, which was then broadcast by the regional cable TV “Gabrovo Cable” on June 20, 2002. In addition to talking about the initiative to start up a Gabrovo Community Fund, the Local Coordinator persuaded the host to present a slide with the office contact details, so that any citizen interested in supporting the initiative could contact the office. The show also included an interview with the Chief Secretary of the municipal administration, who expressed the readiness of the municipal administration to support the project for developing a Gabrovo Community Fund.

Darik Radio was selected for the production of radio clips popularizing the idea of a Gabrovo Community Fund. The clips were produced in Sofia and broadcast by the local branch of Darik in Gabrovo, as well as by another popular radio station with a very large audience, radio Bumerang – Gabrovo. Two clips were produced – one 30 seconds and one 15 seconds – targeting a broad public audience and aimed to inspire interest in the Community Fund. The broadcasting began on June 17 and will continue until the middle of July, the clip is being aired three times per day during prime time.

The distribution of posters began simultaneously with the radio advertisement. The Local Coordinator contacted the local center of the Volunteer Alliance and they helped identify volunteers to distribute the posters. Posters were put in all possible public places that were open to advertisement. The goal is to distribute about 300 hundred posters within one month, and another 300 in September before the start of the fundraising campaign.

#### ***11. Continued Identification of Key Informants in Gabrovo***

Individual meetings - The Local Coordinator met with representatives of various organizations to introduce herself and the project, and to discuss opportunities for collaboration. She scheduled meetings for CF Project Manager and Program Director with key people and organizations identified in these meetings. These were the president of Rotaract, Manol Manolov; the president of Rotary Club, Ilian Yankov; the vice president of club “Friends of Belgium”, Mariana Basheva. CF Project Manager and Program Director met with Ms Basheva to learn more about the activities of her organization, and were invited to present the CF Project to the members of “Friends of Belgium” that include many intellectuals from Gabrovo. Another key informant identified by Local Coordinator was Mr. Petar Totsev, Director of the Historical Museum who has great ideas about the development of cultural tourism in Gabrovo. A second meeting was conducted with Mr. Tomislav Donchev, Secretary of Open Society Club – Gabrovo, at his invitation. He proposed to include the Local Coordinator in training on project development organized by OSC. Various ways to involve key figures from all sectors in starting up the Gabrovo Community Fund were also discussed.

A meeting with the Executive Director and the Chief Secretary of Business Association “Gabrovo 21” was attended by Program Director and CF Project Manager. The objectives of the meeting were to present the program and discuss opportunities for collaboration. The Association aims to revive the business sector in Gabrovo and combine the efforts of different companies in finding new markets and new business contacts abroad. Gabrovo was one of the main industrial centers of Bulgaria as recently as 1990; the current economic stagnation is very depressing for local business people. The Association has developed some philanthropic traditions such as collecting money from local businesses to purchase medical equipment for the local hospital, etc. They expressed their interest to work in cooperation with us, and to support the CF in Gabrovo.

Local Coordinator continued meeting on a regular basis with the Chief Secretary of the Municipality, Ms Lena Eneva, and obtained copies of the minutes of the Public Forum sessions organized by the Swiss program last year in Gabrovo. These minutes are most helpful in that they provide insight into topics discussed and recommendations formulated by the participants about changing the municipal policy.

Local Coordinator conducted individual meetings with all key informants that expressed interest becoming members of a Steering Committee for starting up the Community Fund, or were recommended by others to do so. These were people from all sectors, known as civic-minded leaders who care about improving the quality of life in their town. Fifteen people were contacted and Local Coordinator met with all of them. Twelve of them agreed to take part in the initial meeting of the Steering Committee to take place in the beginning of July.

Group meetings – The local coordinator met with representatives of Rotaract, who expressed keen interest in our program and declared their readiness to support it. They can mobilize volunteers for organizing the various happenings related to fundraising. The Local Coordinator also met with members of Rotary Club, who were interested in the matching funds scheme and expressed willingness to form a donor-advised Rotary Fund within the Community Fund that would serve orphans and gifted children from socially disadvantaged families.

NGO meetings – Although there are approximately 100 legally registered NGOs in Gabrovo, according to key informants, not more than 30 of them are currently active. The Local Coordinator identified the active ones with the assistance of the Secretary of Open Society Club – Gabrovo; the Director of YMCA – Gabrovo; the Director of NGO Info Center; the Chief Secretary of Regional Administration and the Secretary of the Municipality. She then prepared and sent invitations to the recommended NGOs to attend the meeting that was held in the conference room of YMCA – Gabrovo. Program Staff invited Ms. Donka Mihailova, Chair of the Board of Community Fund-Lovech, to facilitate the meeting because of her long-term contacts as an NGO consultant to the third sector in Gabrovo, and also because of her experience with starting up the CF in Lovech. The meeting sought to:

- Introduce the BPCFSE program and especially the CF component;
- Present the results of the sociological survey on grassroots needs and people's attitude to philanthropy, which was conducted in Gabrovo in March this year;
- Familiarize participants with the experience of Lovech CF and what benefits it brings to the third sector in Lovech; and
- Discuss the plan for CF start-up in Gabrovo and to inspire commitment to the process by some NGO leaders.

All meeting objectives were achieved. The participants approved the plan for CF start-up in Gabrovo and committed to take part in the process as much as possible. It was suggested that the Steering Committee of the Community Fund be elected at some form of large-scale public discussion, such as a Public Forum. The participants agreed that the preparation of this Public Forum would require the hard work of more than one person, and suggested that an Initiative Group be formed to assist Local Coordinator in this preparation. Two people self-nominated themselves, while the rest said that they would spread the word and inspire self-nominations among other colleagues to be sent to Local Coordinator by June 10, 2002.

Business meeting “Business and Charity” - Conducted on June 6, 2002 with the assistance of Bulgarian Charity Aid Foundation (BCAF) consultants. Counterpart was familiar with the experience of BCAF to organize meetings with representatives of the business sector and their ability to motivate their corporate philanthropy and social responsibility. The role of the BCAF consultants would be to present the forms of corporate philanthropy existing in other countries, so that the local business people could acquire a broader perspective on the extent of business involvement in solving social issues in other countries. The consultants were also invited to present the tax incentives that exist for donors in Bulgaria. However, the meeting did not proceed according our expectations. First of all, the participants were not interested in hearing about other forms of corporate philanthropy and business social responsibility in other countries. They insisted on limiting the agenda to discussion on the Community Fund initiative in Gabrovo, and to postpone the discussion on other forms of charity giving until all issues related to the Community Fund start-up in Gabrovo are clarified. Despite the initial confusion, the meeting managed to

achieve its objectives – to introduce the Community Fund initiative as a valuable option for increasing corporate social responsibility in Gabrovo. The participants discussed the process that should be followed to formalize the fund. Some of them volunteered to become members of the Steering Committee that will assist with starting up the organization. There was a suggestion for Counterpart to organize a meeting with leading business companies that who would be invited with the help of the Mayor.

## **Blagoevgrad**

### **12. Continued Identification of Key Informants in Blagoevgrad**

#### Individual meetings with key NGO representatives

- *Pirin Tourist Forum (PTF)* – PTF is an association for mutual benefit (of the municipalities). Working throughout the Blagoevgrad region, the 14 municipalities in the region make up their membership. PTF also works in collaboration with the regional Council on Tourism. According to PTF, tourism is one of the major priorities for Blagoevgrad, although it has not been profitable. Blagoevgrad is a transit destination for tourists who want to visit the Pirin Mountains. Traditional attractions are hosted to encourage visitors to stay in town longer before heading to the mountains and include: Blagoevgrad Jazz Fest; Folk Fest “Pirin Sings”; Days of the Youth Creativity; and Christmas Fest with various bands. The activity of PTF focuses on the development of village tourism in Blagoevgrad region. They train people in the villages on how to develop authentic attractions and find their own ways of attracting tourists. PTF organizes trainings in marketing of tourist products for people in the villages. They have developed a promotional package for each of the 14 municipalities, as well as for Pirin National Park. Other programs that they implement focus on cultural tourism and ecotourism. Their attitude to the idea of a Community Fund was very positive; they liked the idea of starting a community mobilization process that will lead to the formation of the Fund. They shared that there is a tradition in Blagoevgrad of solving grassroots problems in ways recommended by “experts”, which results in weak civic participation. Another threat perceived by PTF was that a number of the business people consider NGOs an easy source of funds. PTF advised us to initiate a large-scale public discussion on the priorities that the CF would address in order to avoid elitism and engage more people in the process.
- *The Agency for Regional Development* - The Agency is one of the few NGOs in Blagoevgrad that work with the business sector. They provide contacts for small and medium size companies with foreign partners. They are not very optimistic about the possibilities of attracting the support of business to the CF. Economic stagnation has seriously obstructed the development of the business sector. Partners of ARD are Open Society Club and the Trade and Industry Chamber. As an NGO they still support themselves through projects rather than income-generating services.
- *The Center for Urbanism and Environment* - The organization is registered as association of 18 people who are respected citizens from the spheres of business, humanitarian professions, law, culture, and the arts. The organization has taken part in the Campaign for Sustainable European Cities promoting the campaign at the municipal level and persuading the Municipality to participate. Part of this project was to introduce indicators for sustainable development on the basis of which comparison can be made between various European cities. Information from this comparative study will be publicly accessible by Internet. The organization has implemented a number of projects related to improving the urban environment in Blagoevgrad. Their main partners are the Municipality and Open Society Club. They were receptive to the idea of starting up a Blagoevgrad Community Fund and promised to help with anything they can.
- *Lion's Club*- The club was founded a year ago. Its main activities include support for people with disabilities and orphans. They attempt to respond to the needs of all groups that require urgent aid and social assistance. The club is registered as a public benefit organization. The vice president of the club expressed high interest in starting up a Blagoevgrad Community Fund and proposed to invite us to a meeting of the Lion's Club to discuss future collaboration.



Municipal programs - The Local Coordinator in Blagoevgrad researched the strategic plan for development of the Municipality until 2015, designed by the Program for Technical Partnership between Bulgarian and American Towns, funded by USAID. This plan was developed by the municipal administration in collaboration with local government in the town of Auburn, Alabama, USA. Participatory methodology was utilized in development of the plan and citizens were involved in decision-making about the main aspects of their town development. The main issues discussed by the working groups developing the plan involve:

- Creation of opportunities for business investments;
- Improvement of infrastructure;
- Development of an effective system for assistance of socially disadvantaged groups;
- Access to quality education and health care;
- Improvement of local self-governance; and
- Development of an effective system for administrative service of citizens.

The Local Coordinator in Blagoevgrad also researched all projects that the Blagoevgrad Municipality implemented with foreign assistance in the last few years. Other individual meetings conducted by the Local Coordinator in Blagoevgrad include meeting with the Director of the Municipal Social Assistance Department; meeting with the Rector of the Southwestern University in Blagoevgrad and meetings with several university lecturers who are active in the NGO sector.

Meetings with key informants that participated in the USAID assessment - Since coming to power in the beginning of May, the new Mayor of Blagoevgrad has been extremely busy. Efforts of the Local Coordinator to organize a meeting with him for Program Staff were in vain, delaying the implementation of the project in Blagoevgrad. Our experience in Chepelare and Gabrovo shows that without the extensive support of the Municipality at the initial stage of project implementation it would be impossible to achieve what we have achieved so far. The Municipality's support with provision of office space and with contacting potential donors is crucial for the success of the project.

Having been unable to meet with the new Mayor of Blagoevgrad, Program Staff decided to conduct individual meetings with key informants who had participated in the USAID Assessment of the pilot sites, and check if they are still willing to support the initiative. Program Director, CF Project Manager and Local Coordinator also met with the chair of the Municipal Council and the Regional Governor; two other key political figures in the local context whose support of the idea would be important for the project's future development.

- *Mr. Jasen Popvasilev, President of Rotary Club, owner of a consulting company* – The CF Project Manager and Local Coordinator attended the meeting. Mr. Popvasilev was one of the people who had participated in the USAID Assessment. He expressed his willingness to assist with starting up the Fund, and to inform Rotary Blagoevgrad about this initiative. The Local Coordinator contacted Mr. Popvasilev for follow-up and learned that Rotary is willing to contribute financially to the Community Fund. However, they were not sure if they would participate in a big public discussion on the priorities of the Community Fund. Their participation depends on whether the other Rotary Club in town – Rotary Centrum – was going to participate or not. Mr. Popvasilev explained that there are conflicts between the two organizations and they avoid taking part in one and the same public event.
- *Svetlana Jordanova, Manager of "Partners 2000"* – The CF Project Manager and Local Coordinator attended the meeting. Partners 2000 is a company that organizes business exhibitions and maintains a database of contacts with small and medium size companies. Ms. Jordanova is a very active person who had participated in the USAID Assessment and continues to support the idea of starting a Blagoevgrad Community Fund. She committed to helping the Local Coordinator identify civic-minded people from small and medium businesses, and in organizing meetings with them.

- *Vice Mayor Kiril Andonov* – The Program Director, CF Project Manager and Local Coordinator met with the Vice Mayor to present the Community Funds project, share progress to date, and ask for the assistance of the municipal administration in providing an office that can be used exclusively by the Community Fund. Although the Vice Mayor participated in the USAID assessment, he did not seem to understand our concern over the limited assistance we had received from the municipal administration. He promised, however, to ensure the installation of a direct telephone line so that the Local Coordinator could access the Internet. He shared that it would be very difficult for the Municipality to find another office for the project, because all municipal buildings in town are already rented. Nevertheless, we could place a request that would be reviewed by the municipal council and an office could be leased only with permission from them. Our general impressions from the meeting were that the Vice Mayor does not fully understand the importance of the Community Fund project for Blagoevgrad and the opportunities that it creates for increasing civic participation and solving local issues with local resources.
- *Mr. Vassev, Chair of the Municipal Council* - The Local Coordinator had initially introduced the project goal to Mr. Vasev. On June 11 he met with Program Director and CF Project Manager. The meeting focused on challenges and opportunities for the development of the Blagoevgrad Community Fund, as well as the methodology that Counterpart would apply to motivate citizens to support the Fund. The advice of Mr. Vasev was to start working with people from the business first, then involve people from small and medium business. According to him, this approach will naturally convince the majority of citizens that the idea of the Community Fund is worthwhile. People are skeptical about new projects that are not supported by key figures from the business sector and from local government. He expressed his personal commitment to back up the project as a representative of the Municipal Council and to assist Local Coordinator in identifying key figures from the business sector. The Local Coordinator conducted a follow-up meeting with Mr. Vasev at which they prepared a list of key figures from the business sector to be involved in starting up the Community Fund.
- *Mr. Kiril Andonov, Vice Mayor and Ms Vanya Chobanova, Head of the Economic Activities Department* – The Local Coordinator organized this meeting to introduce the project to experts from the Economic Activities Department of the Municipality. Ms Chobanova took an active part in the meeting asking the Local Coordinator many questions about the project and what is expected from the municipal administration for the success of this initiative. She expressed a willingness to collaborate with the Local Coordinator on all issues that require the Municipality's assistance. Both Mr. Andonov and Ms. Chobanova agreed to resolve office-related issues, such as installation of a new telephone line and using a municipal computer until the seed grant for the Community Fund is disbursed.
- *Mr. Romeo Shatev, Director of the Chamber of Trade and Industry* – The CF Project Manager and Local Coordinator attended the meeting. Mr. Shatev participated in the USAID Assessment and had been one of the most active supporters of the idea to start a Blagoevgrad Community Fund. He expressed concern that the project implementation was delayed in Blagoevgrad due to local elections, and gave us some very valuable ideas related to the process of community mobilization. He evaluated positively our suggestion to organize a public forum as a tool for participatory decision making about the priorities of the Community Fund. According to him, the leading figures in this process had to be figures with indisputably high reputation and are trusted by the community. Mr. Shatev had obviously spent time thinking about the Community Fund idea, because he shared ideas related to the Fund's structure and governing bodies. Another valuable idea was to create a pool of volunteers to conduct the cash collection during fundraising campaigns. Mr. Shatev suggested that the Local Coordinator contact youth organizations as well as pensioner's clubs, to identify people from every neighborhood. The main thing, according to Mr. Shatev, is for the Community Fund be trusted by people in the community, which will only happen if it develops fully transparent procedures for decision-making and grant giving. Mr. Shatev committed to helping us attract people from the business sector, and volunteered to become a member of the Steering Committee that will lead the process.

- *Regional Governor, Mr. Anton Bruchkov* – The Program Director, CF Project Manager and Local Coordinator attended the meeting. The meeting objective was to introduce the idea for starting up a Blagoevgrad Community Fund and get the support of the regional governor in accomplishing this. The governor expressed his opinion that people will support the Community Fund if it manages to find the cross points in the interests of the three sectors. He suggested inviting Counterpart to present the project at one of the press conferences organized by the regional government. Another useful idea given by him was to publish a booklet with examples of projects implemented with funding from Community Funds in other CEE countries. In his opinion, applying a participatory methodology for identification of the priorities that the Community Fund will address is important for Blagoevgrad.
- *Mr. Hadjijski, Director of Municipal Bank, Blagoevgrad* – The CF Project Manager and Local Coordinator attended the meeting. Mr. Hadjijski expressed a concern that it is very difficult to involve business people in civic initiatives. Nevertheless, he was ready to support us in any way he can, and offered his assistance in contacting other bank directors. He would also participate in a public forum that would define the priorities of the Community Fund.
- *Mr. Balev, Director of the Municipal Social Assistance Department* – The Local Coordinator organized this meeting to follow-up of the conversation with Mr. Romeo Shatev who suggested that Counterpart explore the local pensioners' clubs and attract pensioners to volunteer in the fundraising campaigns. The Local Coordinator contacted Mr. Balev, the Director of the municipal Social Service Department, for help in reaching the pensioners' clubs. He not only agreed that the idea to use pensioners as volunteers was a good one, but also feels that it will be a pleasant experience for them. He gave the Local Coordinator contacts, and committed to organizing a meeting with the head of one of the clubs.
- *Chair of the Municipal Council, Mr. Vassev* – The Local Coordinator organized a follow-up session to discuss the list of key figures from all sectors prepared by the Local Coordinator. Mr. Vassev added some people to the list, and suggested that Counterpart prepare informative letters to all key figures, explaining the goal of the project and stating that the Municipality and the Municipal Council support the project. He also recommended that we provide them with examples of projects that were accomplished with the help of a Community Fund in Bulgaria, or in other CEE countries.

## **Objective #2: Assist in the development of social enterprises throughout Bulgaria**

The main objectives of the Social Enterprise Project in this quarter were to enroll NGOs with a social enterprise into the program and to decide upon the Technical and Training Assistance provider. The enrollment process was defined in cooperation with Counterpart International and the selection process was lead by Counterpart International's Economic Development Senior Program Officer. Twenty- three (23) NGOs met the strict criteria and were accepted into the program. Key activities this quarter included the following.

### **1. Finalize Eligibility Criteria, Enrollment Criteria, Evaluation Matrix and Application Form**

With assistance and input from CI the tools for enrolling the Social Enterprises into the program were finalized and translated into Bulgarian.

### **2. Disseminate Information and Implement a Call for Applications**

The SE marketing campaign included the following activities:

- Advertisement for enrollment in the SE program was run in three popular newspapers with national coverage: “24 Hours”, “Trud” and “Capital”.
- Counterpart developed a web site for the Bulgaria Pilot Community Fund and Social Enterprise Program: [www.counterpart-bg.org](http://www.counterpart-bg.org). The web page contains all pertinent information on the program, both Community Funds and Social Enterprises. The Social Enterprise page describes the specifics of the program, gives information on applying for enrollment, offers an electronic application form with instructions for completion, and includes our contact information for assistance.
- Organizations such as UNDP-JOBS, BARDA, WAD, FLGR, Open Society Fund and the NGO Resource Center placed the SE information on their web pages and included program information in their newsletters. Additionally, the Council of Europe and the Agency for Regional Development included press materials in their newsletters.
- Brochures and promotional materials were developed and made available to various NGOs throughout the country: 500 brochures were printed and distributed.
- Counterpart developed a database of social enterprises in Bulgaria and utilized the contact information to distribute 80 applications and enrollment instructions to NGOs.
- Our contacts at the National Service for Social Assistance assisted us in distributing the application and information to 28 of their Regional Offices.
- Counterpart Bulgaria arranged Info Seminars across the country to promote the program, provide information, and answer questions about the program and enrollment procedures. The locations, regions covered and participants that attended the seminars are listed in the following chart.

| <b>Date and Location</b>                | <b>CI-BG Facilitator/s</b>                          | <b>Regions Covered</b>                                      | <b>Participants</b>  |
|---|---|---|----------------------|
| Varna – 24 <sup>th</sup> April          | Program Manager                                     | Varna, Dobrich, Silistra, Razgrad, Shumen                   | 38 NGOs participated |
| Plovdiv – 24 <sup>th</sup> April        | SE Program Manager<br>Administrative Officer<br>COP | Plovdiv, Kurdjali, Haskovo, Pazardjik, Smolyan              | 28 NGOs participated |
| Veliko Turnovo – 25 <sup>th</sup> April | Program Manager                                     | Veliko Turnovo, Pleven, Gabrovo, Lovech, Russe, Targovishte | 16 NGOs participated |
| Bourgas – 25 <sup>th</sup> April        | SE Program Manager<br>Administrative Officer<br>COP | Bourgas, Stara Zagora, Yambol, Sliven                       | 28 NGOs participated |
| Sofia – 30 <sup>th</sup> April          | SE Program Manager                                  | Sofia, Pernik, Kyustendil, Blagoevgrad                      | 34 NGOs participated |
| Vidin – 30 <sup>th</sup> April          | Program Manager                                     | Vidin, Vratsa, Montana                                      | 18 NGOs participated |

- The advertising campaign generated media interest and the Program Team and COP were interviewed on several occasions across the country. The Program Manager was interviewed on National Radio, on Radio Shumen during a special program for disabled people and on TV in Vidin; the COP and SE Program Manager were interviewed by two radio stations after the Info Seminar in Bourgas.
- An e-mail reminder was sent to those organizations that participated in the Info Seminars or contacted our office directly. The message reminded them of the deadline and encouraged them to call the office if they had any questions or needed additional information or assistance in completing the application.
- Once interest was generated by the marketing campaign, telephone and e-mail inquiries began to increase at the Counterpart Office, as did personal visits. A log was kept for all incoming requests and for contact/network information to be added to our database.

### **3. *Recruit and Train the Review Board***

The COP recruited the Director of BCNL to serve on the Review Board along with the Program Team, Financial Officer, COP, and CI Program Officer. All members on the board committed to attending the sessions until completion of the process. The USAID CTO was invited to participate; however, she stated that her input would come at a later date, when we begin to give out the recoverable grants.

The CI Program Officer trained the Review Board on the process and the tools to be used in evaluating social enterprise applications. The evaluation criteria were reviewed and their relation to the key issues was discussed. Indicators and validation issues were covered with ample time for questions and answers.

### **4. *Develop the Procedures and Enroll the Social Enterprises into the Program***

The deadline previously established for receipt of the applications from the interested NGOs was extended to May 27<sup>th</sup> as the 26<sup>th</sup> fell on a Sunday. Program Staff were in the office over the weekend to assist applicants and provide information and support. A total of 35 applications were received by the deadline. To effectively and fairly evaluate the applications in a transparent and open process, procedures were developed by CI and Program Team.

- Procedure for initial check of received applications - Once applications were received in the office the Administrative Assistant, utilizing the checklist that was developed by the Program Team, carefully checked each application to ensure that all required documentation was attached and assigned a control number if the application was complete. If the application was lacking documents or other required information, the Administrative Assistant contacted the NGO and requested that the required information be sent. Information was entered into the electronic in-coming register, which included time, date and location of application.
- Procedure for ensuring that applicants met the basic Eligibility Criteria - The SE Program Manager pre-reviewed each application to ensure that the organization and their application met the basic Eligibility Criteria, which was developed by CI, an SE expert consultant, and the Program Team. These criteria are:
  - A public benefit NGO;
  - An NGO providing social services to marginalized groups such as, but not limited to, disabled, children at risk, elderly, prisoners, women, ethnic minorities, youth and narcotic addicts;
  - An NGO with at least one year experience providing social services to marginalized groups; and
  - An NGO with the potential and capacity to conduct business activities which are in keeping with their mission.

Four applications did not meet the basic criteria and were disqualified from enrollment. The remaining 31 applications, along with the documentation checklist and basic Eligibility Criteria form were placed in boxes labeled “pre-approved”.

- Procedure for Review Board’s evaluation of applications - The Review Board, after training by the CI Program Officer, was divided into 3 teams of 2 people each; one English speaker and one Bulgarian speaker, as follows: COP and SE Program Manager; FO and Program Manager; and CI Program Officer and BCNL Director.

The application packets were distributed to each member and included the application, completed Eligibility Criteria form, a blank Enrollment Criteria form and the Evaluation Matrix, which were developed by CI, an SE expert consultant, and the Program Team. Each team evaluated their assigned applications and completed a blank Enrollment Criteria form for each organization. The principles assessed include:

- Social enterprise is a good fit with the organizational culture
- High level of commitment to social enterprise
- Well established, competent social service organization
- Human Resource capacity
- Financial capacity
- Assets to leverage
- Business experience
- Social enterprise idea
- Social impact

The matrix followed the structure of the application form and the enrollment criteria closely, which greatly facilitated the process of assessing each application in an organized and equitable manner. Each application underwent the same strict scrutiny and the process insured transparency. The most important social enterprise selection criteria were:

- *Mission/culture fit and viability* – the social enterprise has to advance the organization’s mission and the business activities must fit the organizational culture. This also refers to the business or competitive environment in which the SE is operating or likely to operate.
- *Human resource capacity* – recognizes the stability and the potential of the organization. In order to succeed, the management and board have to have some business and financial experience.
- *Financial capacity* – refers to the state of the current financial health. The NGOs have to have stable funding for core programs with, ideally, additional money to invest in the social enterprise.
- *Leveragable assets* – indicate the relative effect of starting business activities on the external as well as internal (cultural) dynamics of the organization. The NGOs have to have both tangible and intangible assets that can be used to generate income.

The groups presented their findings to the Board, outlining the strengths and weaknesses of each application and highlighting the matrix trends and conclusions. All Board members asked clarifying questions until 100% consensus was reached and the application was placed in one of three categories: recommended for site visit; wait listed; or not approved.

Of the 35 applications that were received and processed, 23 were recommended for site visits, 7 were wait-listed and 5 were not approved.

**5. *Conduct Site Visits to Selected NGOs***

Site visits were made to each of the 23 recommended social enterprises to further ensure and assess their capacities for succeeding in the development of the business activities. The tools utilized in the previous enrollment phases were expanded upon during the site visits: the document check list was authenticated by a visual check; assets were physically inventoried; questions arising from the evaluation utilizing the Enrollment Criteria and Matrix were clarified; personal contact was made with each organization and discussions regarding the program and its benefits were concluded.

Attached is the list of NGOs recommended for site visits by the Review Board. All of the NGOs that received site visits were admitted into the program. As of the end of the quarter, we have 23 NGOs providing social services to marginalized groups enrolled in our program.

**6. *Develop TTA Criteria/Responsibilities and Select Provider***

Last quarter the Program Team and CI Program Officer visited with various UNDP-JOBS and BARDA offices. Initial inquiries were made of the two organizations regarding their interest in delivering training and technical services to the social enterprises. Both organizations indicated their interest, and this quarter the COP sent letters to UNDP JOBS Program and BARDA requesting they submit proposals for provision of services.

Counterpart had several discussions with UNDP-JOBS about how they might structure provision of training and technical assistance; we also reviewed the BARDA proposal. After reviewing both options, it was determined that BARDA submitted the stronger and more viable proposal.

The COP Program Manager, SE Program Manager and CI Program Officer met with BARDA Board President, Petya Atsinova and Training Manager, Kiril Dramov, to discuss their offer and the associated financial responsibilities, clarify expectations on both parts, and to discuss the process and procedure for delivery of their services. We agreed to develop the Terms of Reference and contract, which would be finalized and signed in the first week of July. During the meeting we discussed the time frame and other organizational details that would be clearly outlined in the ToR.

The first BARDA activity, and the final evaluation to be conducted of the participating NGOs, is to develop an individual training needs assessment. To better understand and manage the services provided by BARDA, we requested that they provide us with the following information: a) the names, contact information and CVs of the individuals that will be responsible for each NGO, so that we can be assured of consistency in the service providers who will be monitoring the progress of the SE's and delivering individualized training; and b) their initial training budget for delivery of service so that we may complete the contract and ensure that we remain within our budgetary constraints. This activity will be completed in July.

**7. *Continue Information Gathering***

During this quarter we continued to search and gather materials concerning social practices and entrepreneurship. Research was conducted on the Internet for state of the art assessment tools to add to our current resources.

**8. *Finalize World Learning Study Tour***

In June the COP and Program Team met with Matt Brown and Kristina Kuchukova from World Learning to discuss the administrative and procedural details of the social enterprise study tour. We agreed on Poland as the site of the study tour, and refined the objectives of the training program. World Learning finalized the Training Event Request Form, submitted it to USAID and as of the end of this quarter we have not received official word that the program is approved, although we have been verbally assured by both World Learning and USAID that the program will be approved.

The study tour is scheduled to take place from October 14 to 18, 2002. Representatives from the 23 selected NGOs providing social services will attend. We chose Poland over the Ukraine as the site for the study tour because World Learning has good contacts and more experience in Poland, which means they can be flexible and organize the event in a shorter period of time, with greater assurance of meeting its goals. Also, Counterpart has worked extensively in the Ukraine and can provide access to information and lessons learned.

As the initial proposal was written in January, before the Program Team fully understood the project, changes in the proposal were necessary. The objective of the study tour is, "After training the participants will be able to describe various aspects of the Polish experience with Social Enterprises." The types of activities of primary interest to the group are: a) provision of services that produce income to be used for the core mission of the NGO; and b) provision of jobs or skills development for mission target group. More specifically, participants should be able to:

- Describe the concept of social enterprises in general and identify the characteristics of social enterprises in Poland.
- Summarize the history of social enterprises in Poland, including legislation (primary and secondary) that has helped and hindered their development.
- Describe in detail the experience of several social enterprises in Poland, including the generation of the core business idea/s, obstacles encountered and how they were overcome.
- Summarize the basic elements of a business planning process and give examples of how social enterprises and their founders have used business planning in their operation. (But there should be little or no actual business planning training as this is a segment of the training to be conducted in Bulgaria).
- Give examples of how NGOs/Social Enterprises have created support networks and conceptualize a network for Bulgaria.
- Identify Polish counterparts for continued contact in relevant fields and interest areas.
- Identify several potential social enterprise concepts for application in Bulgaria.

The training event component will be designed with maximum relevance to the types of NGOs and the sizes of their hometowns. Trainings should include:

- Overview of social enterprise history and current practices in Poland
- Visits with several social enterprises
- Meetings with networks (acting or developing) of social enterprises
- Meetings with other entities associated with the success and development of social enterprises (possibly to include legislators, community representatives, mayors, local business people, association representatives, social activists, representatives of social enterprise target groups, NGO volunteers and staff, etc.)
- Action planning in two categories: a) group action plan for development of social enterprise network in Bulgaria; and b) individual or small group plans that list possible social enterprise activities and possible steps toward their implementation at the local level.

Special emphasis will be placed on "networking". The goal is to learn about the importance of and the strategies for networking. The group will discuss the development of a network of NGOs that are managing social enterprises so that they can all share experiences and ideas, and have contacts they can call upon for help.

World Learning was provided with the list of NGOs that will participate in the study trip and will be given the specific attendees' names once they are determined. World Learning asked for the opportunity to present the program to the group, and we invited them to attend the first event that will include all of the Social Enterprises.



**Objective #3: Enhance the capacity of Bulgarian partner organization to support community funds throughout Bulgaria.**

As a result of CSDF's hesitancy to participate in program implementation and Counterpart's efforts to bring the situation to closure, no activity in this objective was undertaken during this quarter. A description of the situation and the processes undertaken to resolve the issues may be found under the Management section of this report.

**Objective #4: Document and disseminate lessons learned and best practices for community funds and social enterprises.**

Counterpart Bulgaria staff developed internal regulations on systematic data collection and analyses. Even though it is still too early for conclusions, all the information from round table discussions, focus groups and key informant interviews is carefully systematized. The developed structure for a computerized database on social enterprises will help in keeping the information in an organized manner and ensure the track record of the organization in the social sector.

**Counterpart- Bulgaria Web Site**

In order to maximize the outreach potential of our program a web page was designed and uploaded with the address of [www.counterpart-bg.org](http://www.counterpart-bg.org) and was launched in April. The objective for Counterpart web site development is to become a web based resource for community funds and social enterprises. After the establishment of the three community funds it will serve as domain for the web sites of the three community funds and will have links with at least ten social enterprises.

**Case Studies on Social Partnership**

Counterpart Bulgaria staff developed two case studies for social partnership that will be included in a publication for the Government of Armenia. The program team publicized the opportunity to publish case studies with two NGOs that were included in the Social Enterprise assessment – the Regional Union of Diabetics (Bourgas) and the Association for Social Assistance (Dryanovo).

**Community Fund Best Practices**

The Municipality in Chepelare together with the Local Coordinator of the Community Fund initiated and submitted an application to the competition “Innovative Practices at Municipal Level” organized by the Foundation for Local Government Reform. The subject of the application is the innovative approach for community mobilization and establishment of a community fund. Innovative Practices in Bulgaria is a service designed to support the good governance and to create a strong and effective local self-government.

## F. Coordination and Cooperation

Counterpart International – Bulgaria conducted a series of meetings with other donor organizations in order to get acquainted with their programs and experience and exchange ideas about future coordination in program related activities. Listed below are some of the organizations:

### **National Service for Social Assistance**

The COP, Program Director and the Social Enterprise Project Manager met with the Director and Chief of Department of the NSSA to present the Bulgaria Pilot Community Fund and Social Enterprise Program and discuss opportunities for cooperation between the regional and municipal social assistance services and social service NGOs in their communities. Such cooperation in social service provision will be valuable for the SE project because community and NGO assets can be leveraged for achievement of NGO self-sustainability. The Director of the NSSA declared their readiness for cooperation and exchange of experience and ideas for the successful implementation of the Social Enterprise project.

### **Open Society Foundation**

In April the COP and Program Director conducted a meeting with Iliana Bobova – Program Manager of Open Society Foundation to discuss the opportunities for cooperation and utilization of Open Society's broad information network among the NGO sector in Bulgaria. We agreed that it would benefit both organizations if we shared information and exchanged ideas. Open Society Foundation combines the resources of the whole network of 16 information clubs throughout the country, but the individual organizations are autonomous and have different priorities and sources of funding.

### **UNDP/JOBS Program**

The COP and Program Director conducted a meeting with UNDP/JOBS International Director and Program manager to discuss the opportunities for cooperation between the both programs. JOBS program includes 24 business centers and business incubators throughout the country and manages micro credit programs. They have a lot of experience in business development and in establishment of sustainable business support organizations. The project is focusing on three sectors – crafts, alternative agriculture and textiles as alternatives for job creation and income generation. They are developing sector-specific and marketing capacity in these three sectors together with providing direct access to the market. JOBS business network is functioning effectively and can be used for dissemination of information and sharing experience and resources. Their main recommendations for a successful and sustainable NGO are to build valuable partnerships, to manage the NGO as a private company and to network effectively and share experience.

### **Lovech Community Fund**

The Program Director and CF project manager conducted a series of meetings with the Chairman of Lovech Community Fund to discuss further cooperation (22<sup>nd</sup> April) and to develop a strategy for the start-up of the CF in Gabrovo. Due to the relative proximity between the two cities, the involvement of participants from the community fund in Lovech was considered a prerequisite for an effective start-up strategy. Donka Mihailova, Chairman of Lovech Community Fund, agreed to participate in the initial meetings and focus-group discussions with the NGO sector in Gabrovo.

### **Individuals and Organizations**

- Jane Grube, Dem Net ISC – The COP and Mrs. Grube had several meetings this last quarter. ISC staff and Mrs. Grube have been most cooperative and have assisted Counterpart Bulgaria in administrative and program issues, lending their support and experience. ISC was quick to provide samples of USAID required documents and other procedures and forms used in program implementation in Bulgaria. ISC has also proved a valuable and cooperative source of information relative to NGOs and their function in Bulgaria.

- David Moore, ICNL, Budapest - Mr. Moore and the BCNL Director visited the Counterpart Bulgaria Office to discuss the progress of cooperation between our two organizations. The COP commended the BCNL Director on his participation and interest in our program, and thanked him for BCNL's assistance with the CSDF situation. Mr. Moore indicated his satisfaction with our cooperation and offered any assistance necessary to ensure effective and timely implementation of the program and solution to the challenges created by CSDF.
- Raina Gavrilova, Open Society Fund - COP and Ms. Gavrilova discussed the possibilities of cooperation between Counterpart and the Open Society Funds and Clubs. Open Society Clubs assisted with the Info Seminars in several regions. Mrs. Gavrilova and COP went on to discuss the lack of cooperation and information sharing between internationally funded projects and programs, and committed to creating a group which will meet monthly and have as its goal sharing of information, experiences and challenges.
- Amy Rand, Consultant to Local Government Initiative – Ms. Rand was interested in learning about our program and the possibilities for cooperation between Counterpart and LGI. The COP advised her that we are open to working with other organizations, and welcome their experience and knowledge to assist us in implementation of our program.
- Lorel Donaghey, Consultant to FLGR - Ms Donaghey, as a former Counterpart International employee, was very interested in our program and the possibilities for cooperation between our office and FLGR. The COP took advantage of the opportunity to request information regarding FLGR and their capacity to serve as our partnering organization. Ms. Donaghey spoke most favorably of FLGR and indicated they would be a good partner replacement.
- Julia Watkins, President American University in Blagoevgrad - Dr. Watkins and the COP met to discuss the conditions in Blagoevgrad. Dr. Watkins shared our disappointment in the elections and the atmosphere that was created. Although she did not believe that the new Mayor would be very supportive of the Community Fund, given his Communist Party associations, she did believe that the fund would find success through working with the NGOs and businesses in the community. The Mayor, once seeing any modicum of success would be more inclined to support the fund and be included in the benefits produced.
- Dr. Magdalena Ivanova and Mr. Efthimos Kanellos, consultants to EU PHARE Business Incubator Program - Dr. Ivanova (a member of CSDF's Control Board) and Mr. Kanellos introduced their program and obtained information on ours. The Business Incubator program includes the establishment of 7 business incubators in 7 Bulgarian towns, one of which is close to Chepelare and the consultants expressed interest in cooperative training for their businesses in the incubator and the Community Fund staff and Board. Both the Community Fund and Social Enterprise ideas are interesting to them as they look to build communities. As their program begins implementation, they will contact us for further discussions.

### **Discussion Forums, Conferences and Public Meetings**

- Chepelare Reception – The COP attended a reception for the business sector in Chepelare and gave a short talk on the benefits of donating to the community fund.
- International Conference for People with Disabilities 1-2 April, 2002 – The Program Director and Administrative Officer attended the international conference: “We, the people with disabilities and the Law”, organized by the Center for Independent Living. The conference was under the patronage of Mr. Hasan Ademov – Chairman of the Commission for labor and social policy at the National Assembly of Republic of Bulgaria. The conference was attended by more than 90 participants - representatives of the National Assembly, Council of Ministers, and state administration, National Social Aid Services, NGOs working with people with disabilities, development programs, and donor organization. Discussed were the following themes: legal frameworks and practices in Sweden, Great Britain and United States and the policy of the European Union in the context of disabilities, values and principles of the policy for disabled people, the accessibility of public and private infrastructure and transport, services in the community and employment opportunities for disabled people.
- Final Meeting of USAID – funded project PC3 (Public Computer and Communication Center) - On 15<sup>th</sup> May 2002 the Program Director attended the final meeting of PC3 project, a USAID funded pilot project for testing a model for offering community access to Information and Communication Technologies. The purpose of the meeting was to present the major project results, the findings of the external evaluation, and the digital content developed by the project. During the discussion the project staff shared their views on the difficulties and lessons learned during the project implementation. A team consisting of two members of Club Economy 2000 (Georgi Shopov and Borislav Tafradjiiski) and an independent American evaluator conducted the external evaluation of the project. According to them the project met USAID objectives and accomplished more than initially expected. The main factor for the success of the project is the sustainability of the PC3.
- Discussion Forum on “Economic activities of non-profit organizations—contradictions or opportunities” - On 28<sup>th</sup> June the Program Director participated in a discussion forum on the NGO economic activities, organized by the Institute for Sustainable Communities. The main topics were connected with the legal framework and the basic requirements for the economic activity conducted by an NGO. Presented were successful models of combining NGOs for profit and not-for-profit activities in Bulgaria (JOBS program of UNDP, CARE Int.). There were representatives of the Civil Society Parliamentary Commission who shared the information about the attempts to launch some legislative changes in order to justify the social contracting – a mechanism for the state to pay for social services provided by NGOs. Presented was the program of the Resource Center that provides financial resources for economic activities of NGOs. There was a discussion on the successful model of economic activities developed by NGOs in Central Europe.
- International Conference on Innovative opportunities for Start – up High-technology Incubators – Gabrovo - At the end of June (28 – 30 June) the CF Project Manager and the Local Coordinator of CF–Gabrovo attended an international conference on high-tech incubator development, in order to get acquainted with the strategies for the development of the high technologies as one of the priorities in Gabrovo. The most valuable experience was the process of the establishment of a private–public partnership that involves the international cooperation and citizens’ participation with the overall objective to establish a functioning model of a high-tech incubator. The participation in the conference gave opportunities for developing contacts with the local businesses and to strengthen the collaboration with the local authorities and business support organizations.

## G. Leveraging

### Physical Assets

The Municipalities of Gabrovo and Chepelare provided office space and furniture for the local offices of the Community Funds. They placed municipal premises at the disposal of the Community Fund to perform its activities and be of assistance in events of the organization. Furthermore they facilitated the process of making contacts within the Municipality with representatives of the three sectors: local authorities, business and citizens organizations, institutions and citizens in general.

### Media Coverage

- Chepelare - During the process of community mobilization and preparation for the test fundraising campaign in Chepelare the media provided free media time and resources in order to support the establishment of the Community Fund. The advertising for the fundraising campaign was placed and broadcast three times per day for one month at the local cable TV “Astra” in Chepelare. (The estimated cost of the in-kind contribution is 250 USD)
- Gabrovo - The local radio “Bumerang” agreed to broadcast the promotional clip for the Gabrovo Community Fund with 30% discount on the total price. The radio clips targeted a broad public audience and aimed to inspire interest in the idea of Community Fund.

### Volunteers

- Chepelare - 35 volunteers from Chepelare (14-18 years of age) participated in the first fundraising campaign of the Chepelare Community Fund. Due to their energy and enthusiasm 2000 BGL were collected in cash and contributed to the successful implementation of the first public fundraising in Chepelare.
- Gabrovo - The local branch of the Volunteer Alliance in Gabrovo provided support to the local coordinator in Gabrovo in identifying and gathering volunteers to distribute the posters for the Community Fund Project. Posters were put in all public places open to advertisement. 10 Volunteers participated in the promotional campaign and 300 hundred posters were distributed within one month.

### Access to Publicity

Information for the social enterprise project and announcement for the NGO competition was publicized through two web-sites: the web-site of the Foundation for Local Government Reform and BARDA. Information about the competition was included in the paid newsletters of the Resource Center, Open Society Club, Women’s Alliance for Development and the Council of Europe.

### Access to Training Opportunities

Due to the partnership relations with the Bulgarian Media Coalition and BCNL two representatives from Chepelare (Local Coordinator and chairman of the steering committee) participated in trainings for NGO development (how to successfully collaborate with the media and legislative and tax requirements for the economic activity of NGO). The knowledge and experience gained by the representatives of Chepelare Community Fund were very beneficial for the start-up process of the local organization.

## H. Lessons Learned

### Community Fund Development

#### Public Forum in Chepelare

Decision-making about the priorities of the Community Fund went smoothly because these priorities were addressed in the focus group discussions that preceded the Forum. People had more difficulties in choosing an appropriate goal for the test fundraising campaign, mainly because the latter was not preliminary addressed. This should be taken into account in preparation for other public forums – all main questions included in the agenda need to be preliminary discussed in smaller work groups to give people a chance to reflect on them and formulate suggestions that will be voted upon by the larger group.

#### Test Fundraising in Chepelare

The organizing of a test fundraising campaign, prior to the registration of the Community Fund as an NGO for public benefit, brings up a number of legal issues that may impede the success of the campaign. One such issue is the 5% tax on donations that needs to be paid by the Steering Committee as a civic group organizing the campaign. This tax is not paid if the donation is received by an NGO registered in public benefit. Another problem is that the certificate of donation, which the Steering Committee can issue to the donor, does not count as a legal document that allows the donor to use tax benefits after making the donation. Donors use tax benefits only if they donate to NGOs for public benefit and to a number of other institutions or causes, but not to civic groups who organize fundraising campaigns for infrastructure projects (as was the case in Chepelare). These serious disadvantages can be overcome only if the money collected in the test fundraising is transferred to the bank account of the Community Fund immediately after its registration, and it is the Fund, and not the Steering Committee, who becomes the final recipient and administrator of the funds.

Large-scale participation is important for the success of the campaign, even though the majority of people give small cash. If a lot of people support the goal of the campaign, this proves that the goal meets community needs, and stimulates local business to donate for the benefit of their community. Operating costs (promotional materials, etc.) must not exceed 5-10% of total funds raised, otherwise the campaign cannot be considered successful.

The success of the campaign depends to a great extent on its preparation and promotion. Virtually every member of the community must know what is the goal of the fundraising and how will it benefit the community. A successful preparation requires the efforts of more than one person. A group of people representing different segments of the community, such as the Steering Committee in Chepelare, can work effectively to inspire large-scale participation.

A fundraising campaign must be organized in a way to provide sufficient time for corporate donors to take part in it. Initially, the plan was that the collection of funds would take 2 weeks – from May 24 till May 31. However, it turned out that this time is insufficient for the big corporate donors to react. The campaign was extended till the end of June, and some donors asked for another extension until the end of July.

### **Community Mobilization in Larger Communities**

Achieving large-scale community mobilization in the bigger towns of Gabrovo and Blagoevgrad (80 000 people) takes much longer time than in a smaller community like Chepelare (about 5 000 people). There are a greater number of key figures that need to be reached and inspired to commit to the process. It is considerably more difficult to reach the average citizen. The process of community mobilization must include a greater number of information meetings with various organizations. Besides NGOs, business and local government there are a variety of civic organizations such as Parents Councils at schools; Boards of Trustees of Universities and cultural institutions; Managing Boards of NGOs working with the business, etc. that involve key figures who may not necessarily show up at a meeting of NGOs, business sector, or local government.

There is a greater variety of issues on the public agenda in the bigger towns, mainly due to the greater number of active civic organizations who draw public attention to different aspects of social life. Consequently, it is more difficult to achieve consensus on issues that are important to everybody.

A key factor for the large-scale popularization of the idea for a Community Fund in the bigger towns plays local media. A long-term relationship of collaboration should be established with journalists from local media, so that every important activity related to project implementation is publicized by the media. Local media is an important factor for influencing public opinion and inspiring support to initiatives that concern directly the average citizen.

### **Social Enterprise Development**

NGOs that were interested in the Social Enterprise Project suffered difficulties in filling the application forms. For NGOs, especially those in the countryside the language barrier prevented them from participating in the project. Many NGOs expressed their concern of not have the human or financial resources to translate the application form. The Program staff conclusion is that the number of the NGOs that submitted applications is dependent on the level of skills and the cost connected with the proper and timely filling of the application form.